



## Populism and Technology

### Description

# America is the super power but time is on the side of China

By **Jean-Luc Burlone**

Technology, and not trade, is the culprit populists are looking for. But their policies cannot possibly neutralise technology; they simply do not share the same battlefield. Brick walls cannot stop bits. Populism and technology have one point in common though: they both attack and crack the established order – maybe for the better.

Technology has evolved so rapidly in the past 40 years that only a minority of people had the education or foresight to participate in its growth. Quite a larger number of workers lost their jobs to robots and artificial intelligence (AI). Network connectivity, which was unheard of 15 years ago, is disrupting well established industries in unprecedented ways since the industrial revolution (1760-1820/40). Enlightened visionaries saw an object – not as standing alone by itself – but as an active part of an efficient network. Uber, Airbnb and Upwork are convincing examples where connectivity changes the nature of the connected object or service. In addition to the labour market and industries, networks have propelled politics into a new landscape, where reliable institutions are failing and old ways are losing their efficiency.

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The nomination of Donald Trump as the Presidential candidate for the Republican party is a case in point. The former star of a television show, without political experience, has beaten Jeb Bush, who was a favourite candidate, an experienced governor, and a member of a prominent political family, with a war chest of \$150M. The social context was ideal for the populist common touch but technology explains how he succeeded: the contest took place in the field of networks. Using Twitter, Donald Trump was on top of the news almost every day, tweeting his views to a network of 5 millions followers at the time (20 million in January 2017), tweets were then re-sent without further ado. Passé, the hierarchical system of the Bush family could not beat the Trump network because, in the age of connectivity, only a network can beat another.



Connectivity knows neither borders nor limits. As it changes the nature of the connected object, it affects the thoughts of the connected person. Connectivity was certainly instrumental to the Brexit votes, when pro-Brexit voters were comforted in their inclination by every Google search they clicked. It influenced the American election as well when Hillary Clinton's rating was lowered by Russian cyber espionage (a sent and re-sent video showing her slipping in New York and the hacked emails controversy). Cyber actions have become a new norm of political interaction. Recently, in 2012, Iran destroyed over 30,000 computers and paralyzed Saudi Aramco's huge corporate network for two weeks, including its workstations in North America and Europe.

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Networks have sustained power through history. Romans legions could rapidly spread their might to the extremities of the empire through a network of roads. At the helm of its empire, Great Britain was a network power running on the world's oceans, seas and waterways. Today's networks consist of hidden lines of connections that transmit an immense number of digitized words and images. Their power allowed Iran to seriously impair Saudi Arabia's economy without warring. Connectivity covers continents instantaneously as the financial crisis and its aftermath have demonstrated. In the wake of the crisis, thousands of people gathered to give vent to their frustrations in tens of cities around the world. Without leaders but connected by tweets, chats and videos, demonstrators have criticized and cracked the established order in authoritarian and democratic regimes alike. Some of the former lost their power while some of the latter brought populism to the fore.

Populism is mired in reminiscence of the past and hence, it is bound to fail. A policy to protect a mature domestic industry will only sanction its inefficiency. A policy to prevent – indiscriminately – the free flow of people, will hamper innovation for years. (It is worth reminding that since 2000, immigrants were awarded 40% of the Nobel Prizes won by Americans in chemistry, medicine and physics.)

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The last 15 years have shown that old policies and old strategies have become less and less efficient; they fail to achieve their objectives and often reach the opposite goal. The central bank's monetary policies to stimulate demand has increased supplies. Similarly, the fight against terror did not deter terrorism but fed it with more recruits. A solution or policy that is not conceived for a connected world can no longer succeed.

America has the technology: platforms, algorithms and protocols, used by much of mankind and needed to shape the world for the next century. Leadership from the United States ought to craft a global strategy and construct a system of networks that will keep inimical forces out while alluring allies that seek American protection and share its values and world vision. Only with allies can America match China's demographics and upcoming economic weight. And the only thing that can cripple the well endowed United States is its domestic politics – which is a major concern actually.

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The new administration's thoughtless actions, its focus on trivial business issues while ignoring environmental ones and its disregard for international affairs – with a dwarfed State Department and thousands of unfilled positions worldwide – reflect a lack of world vision that handicaps greatly its ability to concert with allies. In addition, the administration's credibility is shaken anew by the astounding answer the Secretary of Treasury gave about AI, on



March 28 when he stated that *AI will not affect American jobs for another 50 to 100 years*. Mr. Mnuchin seems ignorant of the fact that the upcoming Adidas plant in Atlanta GA will operate with 160 employees and not with a thousand or more as in its typical Asian factory. Robots and additive manufacturing (3D printing) will do most of the work.

The Trump team's ignorance of trade and technology is deplorable as both fields build beneficial relationships between countries. The TransPacific Partnership (TPP) was an open invitation to more Asian countries in addition to the eleven signatories. Tearing up the TPP, banning Muslim travellers and suspending the H-1B visa, thus preventing talent from entering the US, are all counter productive decisions. They hurt the economy, notably in science and technology and they raise doubt about the United States credibility and adherence to its dear values of openness, freedom, fairness, etc. As the United States loses its soft power, it spoils its role on the international scene for decades to come and invites Russia and China to fill the void in Europe and Asia.

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China has already successfully nibbled at the US sphere of influence in Asia by acquiring islands in the South China Sea from the Philippines and Malaysia – two America leaning countries. Donald Trump's signature had barely dried on his decree to scrap the TPP, that Xi Jinping was in Davos proposing China's guidance to lead economic globalisation. The following month at a security conference in Beijing, he suggested that China should guide the international society towards a "more just and rational new world order". These two proposals follow a previous declaration last July, where Xi Jinping said that the Chinese people were "fully confident that they can provide a China solution to humanity's search for better social institutions".

Such a declaration, that targets the very institutions that are losing their credibility in the West, should be pondered seriously. *It is the rhetoric of a planned strategy*. China's influence spans from its mainland to Europe with the One Belt One Road infrastructure initiative and its authority advocates trade agreements and state of the art technology. Chinese innovation is ploughed on fertile soil as its middle class has grown with the internet; it has skipped the debit and credit cards era and even the computer to jump directly to smartphones that have become wallets equipped with bar codes for all financial transactions. China is today's world leader in financial technology, *a leading exporter of clean energy technologies* and its high tech companies (Unicorns) are ranked among the most innovative in the world.

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The United States and its allies can recognize China's historically dominant civilisation status and cooperate so that the Chinese economy reaches its potential. Cooperation will avoid the Thucydides trap and, as importantly, it will allow both powers to project their values on the international scene. The efficiency of networks favours well planned strategies and hence, America has no time to waste. At this early stage of the technology revolution, in an environment where the winner takes all, a continuum of ill, misdirected policies will render the United States vulnerable and lagging for decades to come. A sad state to envision for such a young and able country.

The future will tell if Winston S. Churchill's statement about the United States remains valid. "You can always count on Americans to do the right thing – after they've tried everything else."

Read Jean-Luc Burlone's previous article [Populism and Trade](#).



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**Jean-Luc Burlone**, Ms. Sc. Econ. FCSI (1996)  
*Economic Analysis & Financial Strategies*  
A professional customized service for seasoned investors  
in search for an independent and impartial expertise  
[jlurlone@gmail.com](mailto:jlurlone@gmail.com)

*The text above is my personal view, based on reports and data from the economic and financial press. For this post, Populism and Technology, two books, published in 2016, were important sources: THE INDUSTRIES OF THE FUTURE by Alec Ross and THE SEVENTH SENSE by Joshua Cooper Ramo. – JLB, April 9, 2017*



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